

Message Text

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PAGE 01 NEW DE 00099 311458Z

43

ACTION NEA-12

INFO OCT-01 ADP-00 SS-15 EB-11 INR-10 L-03 ABF-01 RSR-01

RSC-01 /055 W

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P 300950Z AUG 73

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 6477

C O N F I D E N T I A L NEW DELHI 0099

STADIS////////////////////////////////////

FOR ACTING ASSISTANT SECRETARY DAVIES

E.O. 11652: GDS

TAGS: EFIN, IN

SUBJECT: RUPEE NEGOTIATIONS

1. AS YOU HAVE SEEN FROM OUR REPORTING AND THE DRAFT AGREEMENT WE HAVE TO THE INDIANS, WE ARE BASING OUR APPROACH ON A DISTINCTION BETWEEN PL-480 AND NON-PL-480 RUPEES, WITH THE USG RETAINING ONLY THE LATTER. THIS ASSUMES THAT WE GET SATISFACTION ON ALL THE MAJOR POINTS OF INTEREST TO US, SUCH AS FREE USG USES, AID TO NEPAL, NOV, ETC. WHILE THE NUMBERS ARE FAR FROM FIRM, THIS WOULD RESULT IN A USG RETENTION OF SOMEWHAT IN EXCESS OF \$1 BILLION, WHICH IS IN LINE WITH OUR NEGOTIATING INSTRUCTION.

2. WE HAVE RECENTLY BECOME AWARE THAT THE APPROACH WE ARE USING MIGHT CAUSE SOME TRANSITION PROBLEMS FOR FBO, LIBRARY OF CONGRESS, CERTAIN HEW PROJECTS AND THE DEPARTMENT OF THE INTERIOR SINCE THESE ORGANIZATIONS DO NOT HAVE BASIC AUTHORITY TO USE NON-PL-480 RUPEES. WE CERTAINLY DO NOT WANT TO CAUSE ANY DISRUPTION FOR THESE PROGRAMS WHILE THEY GET AUTHORITY TO SHIFT TO NON-PL-480 RUPEES AND ARE CURRENTLY CONSIDERING METHODS TO AVOID DOING SO WHILE MAINTAINING THE BASIC STRUCTURE OUTLINED ABOVE.

WE NEED TO KNOW WHETHER THERE ARE ANY OTHER AGENCIES THAT

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WOULD SUFFER TRANSITIONAL PROBLEMS DUE TO THEIR LACK OF AUTHORITY

TO USE NON-PL-480 FUNDS. IF THERE ARE ANY OTHER AGENCIES WITH
SIMILAR PROBLEMS, WE NEED TO KNOW HOW MUCH FUNDS THEY UTILIZED
IN RECENT YEARS. WOULD SPECIFICALLY LIKE ASSURANCE THAT USIS
AND ARS PROGRAMS WOULD NOT BE AFFECTED BY SWITCH TO NON-PL-480
FUNDS.

3. WOULD APPRECIATE CLARIFICATION WHETHER AGENCIES NOT
PRESENTLY HAVING AUTHORITY TO USE NON-PL-480 RUPEES REQUIRE
ONLY EMBAPPROVAL OR WHETHER CONGRESSIONAL ACTION REQUIRED
AS WELL. WOULD NON-PL-480 APPROPRIATIONS BE MADE IN RUPEES
(I.E.,SFCF) AND/OR IN DOLLARS.
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